



Montana Microbrewery Revolutionizing an Industry

In 1991, Tim O'Leary was a third generation Montanan living in Colorado, finding his way working for NOAA, mountain biking and skiing... and feeling a little like a fish out of water. Although Colorado was beautiful, Montana was home. One afternoon on his bike ride home, he spotted a new business that had cropped up in Boulder. It was a Brew on Premise (BOP) – a place where customers could come in and brew their own beer. Having dabbled in home brewing for a few years, he thought, “This is my ticket back home.”

Fast forward to 1995. Tim and his wife, Suzy Rizza opened Missoula's first BOP. Lots of people came to try it, and lots of people had a great time doing it, but it wasn't quite paying the bills. So began the saga of the Kettlehouse's transformation over the next 13 years into a small microbrewery and neighborhood taproom known as the Kettlehouse Brewing Company.

Today, the Kettlehouse Brewing Company is one of the oldest breweries in Montana and is a community gathering place and source of local pride. The Kettlehouse currently produces 24 variations of craft beers. The business that began with only Tim and Suzy, now has 15 employees, and cranks out 4,000 barrels of craft brew annually. This modest brewery has arguably revolutionized the craft beer industry by being the first Montana brewery in 30 years to can beer as part of their wholesale production. As of August 2008, year-to-date sales were up 30.6% over 2007, with a net ordinary income increase over the previous year of 125%.

The Kettlehouse began as a U-Brew, where customers came in and used the equipment to brew their own beer, which they could (and did) drink throughout the production process. At that time, Montana state law did not allow for taprooms or U-Brews to serve any of their own beer, thus cutting out a potential revenue stream for microbreweries. This made it harder for O'Leary to leverage his location to let potential Kettlehouse drinkers try, and buy, their beer. So, Tim along with two other breweries, lobbied the Montana state legislature to legalize on-premise consumption of their beer in their taprooms. They worked diligently for three years over two legislative sessions to garner support for their Brew Pub Bill, which allowed for taprooms like the Kettlehouse to serve up to three pints per customer. Eventually, the bill was passed and remains the current law today, and one of the key milestones for the Kettlehouse Brewing Company. Without the ability to sell their own pints, the Kettlehouse would have lost a crucial revenue stream, as well as a marketing opportunity to increase brand awareness.

Although the decision to innovate their product and pursue the canning of craft beer was both controversial and challenging, it also became a pivotal and very profitable decision for the Kettlehouse. Had Tim O'Leary not made this decision in 2006, he believes the Kettlehouse would not be expanding to its new location today.

Historically, the Kettlehouse packaged two beers, Cold Smoke Scotch Ale and Double Haul IPA. Between 2005 and 2006, the Kettlehouse saw a 50% increase in sales of their packaged (bottled) product. The decision to begin canning beer aligned with part of Tim's strategic mission for Kettlehouse, which was to operate a sustainable business that practiced the ideas of reducing, reusing, and recycling. Canning beer allowed the Kettlehouse to offer a recyclable and easily transportable product to its customers. Additionally, a food grade lining inside the can protects the beer flavor from having a “tinny” taste.

In June 2006, the brewery began offering their Double Haul IPA in traditional 16 ounce aluminum cans made from 80% recycled aluminum. The initial market response in the Missoula area was overwhelming and in the spring of 2007, the company released their Cold Smoke Scotch Ale in a can and the cans flew off the shelves.

Since introduction of canned products, demand has far outstripped production capability, but that's due to change dramatically as a result of the company's current expansion. The new location, funded in part with an SBA 7a loan, will triple in size to a 12,000 square-foot brewery with a cooling cellar, an elevator, loading docks – the works. It will not only offer an additional retail space for the brewery, but more importantly provide a space more suitable to brew and package their beer.

Canning craft beer wasn't Kettlehouse's only innovation. They were one of the first microbreweries in Montana to sell "Growlers" (64 ounce bottles of beer), and to their knowledge the only microbrewery in the state to sell Party Pigs (2.25 gallon mini-kegs that are purchased by the customer, lasts up to three months in a refrigerator, and are refillable). Growlers and party pigs have offered a reusable option for enjoying the Kettlehouse's products. These strategic decisions have differentiated the Kettlehouse from its local and regional competitors.

Tim O'Leary has overcome challenging traditions regarding bottled craft beer and successfully championed legislation for on-site sale and consumption of a brewery's own beer. Additionally, he has pioneered new products and ventured on the road less traveled to currently be the only microbrewery in Montana and the Northwest canning beer.

When not overseeing operations and managing the day to day business activities, Tim and Suzy enjoy the outdoors with their two children and remain engaged in their community. The Kettlehouse contributes time and money to the Missoula Food Bank, a number of Missoula festivals, and YMCA Partners with Youth. They host promotion nights which have generated thousands of dollars for local non-profit organizations and charities. In conjunction with the Kettlehouse's current expansion, they are actively working with their new Missoula Northside neighbors to build a triangle park near the new pedestrian bridge which provides a convenient and safe pathway from downtown Missoula to the Northside right next to the Kettlehouse location.

The Kettlehouse Brewing Company is defined by a willingness to try and fail; to try and succeed. The company is run by outdoor people for outdoor people. This resonates throughout the company from the names of the beer to the bicycles parked outside. Their mission is to strive for better, cooler times, both in the quality of their beer and their lives, a mission embraced by customers alike. By handcrafting the highest quality premium beers that convey their passion for an active Montana outdoor lifestyle, and producing and packaging them in environmentally sensitive ways, the Kettlehouse expects to grow a community of beer drinkers and thinkers that can help cool our warming world.